
DIGEST

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HB No. 1286

Abstract: Provides for the placement of the Patient's Compensation Fund and the Patient's Compensation Fund Oversight Board and establishes the fund and board as a nonbudget unit of the state.

Present law provides that the Patient's Compensation Fund Oversight Board (the board) shall be placed in the office of the governor, division of administration, and provides for the retention of certain functions and the transfer of certain functions. Provides for the commissioner of administration to exercise functions of the agency which relate to payroll, personnel management, procurement, and contract management. Also provides for the commissioner to exercise functions of the agency which relate to accounting and budget control and management.

Proposed law retains present law and specifies that the board shall perform and exercise its powers, duties, functions, and responsibilities as provided in R.S. 36:801.1 and shall continue to appoint its executive director and other personnel.

Present law provides that all funds collected shall be paid into the state treasury and shall be credited to the Bond Security and Redemption Fund. Out of the funds remaining in the Bond Security and Redemption Fund after a sufficient allocation is allocated from that fund to pay all obligations secured by the full faith and credit of the state due and payable within any fiscal year, the treasurer shall, prior to placing such remaining funds in the state general fund, pay into the "Patient's Compensation Fund" an amount equal to the total amount of funds paid into the treasury as a result of the voluntary collections from private health care providers as provided for in present law.

Proposed law deletes present law and provides that all funds collected shall be considered self-generated revenues and shall be deposited by the board into the "Patient's Compensation Fund". Proposed law further provides that neither the fund nor the board shall be a budget unit of the state.

Present law provides that the fund and any income from it are private monies held in trust as a custodial fund by the state.

Proposed law changes the entity which will hold the private monies in trust as a custodial fund from the state to the board.

Proposed law provides that the board may enter into a cooperative endeavor agreement with the

state treasurer to invest a portion of the private monies comprising the corpus of the fund, as determined by the Patient's Compensation Fund Oversight Board, in the same manner and in accordance with the law governing the investment of funds of the state, or develop an investment policy which prudently manages public funds, places emphasis on the safety of the investment, and establishes controls on investment risks.

Present law provides that expenses of the board and office of the clerk of the La. Supreme Court shall be paid from the fund by the state treasurer in accordance with the present law.

Proposed law retains present law, but deletes the state treasurer as the entity which will pay expenses from the fund.

Present law provides that the fund shall be a budget unit of this state.

Proposed law deletes present law.

Present law provides that the legislature shall appropriate from the fund sufficient monies for the carrying out by the board and office of the clerk of the La. Supreme Court of the duties, functions, and responsibilities imposed upon them in present law and shall also appropriate all remaining monies in the fund for use by the board to pay approved claims based upon final judgments, court-approved settlements, final arbitration awards, and judgments awarding medical care and related benefits and vouchers drawn by the board pursuant to certain judgments.

Proposed law deletes present law and provides that not later than the Jan. 1 of each year, the board shall submit a copy of its proposed budget for the ensuing fiscal year to the Joint Legislative Committee on the Budget, the House Committee on Civil Law and Procedure, the Senate Committee on Judiciary A, the legislative auditor, and the legislative fiscal office. The format of the budget submission shall be:

- (1) A budget message signed by the budget preparer which shall include a summary description of the proposed financial plan, policies, and objectives and assumptions.
- (2) Narrative explanations describing the purpose and functions of the Patient's Compensation Fund.
- (3) Statements for the last completed fiscal year, estimates covering the entire current fiscal year, and projections for the ensuing fiscal year, as follows:
 - (a) A statement showing fund balances of the Patient's Compensation Fund at the beginning of each year and at the conclusion of each fiscal year.
 - (b) A statement of revenues and receipts, itemized by source.
 - (c) Detailed comparative statements of expenditures itemized by source of funds and expenditure category by each major function, program, or service.

- (d) Clearly defined indicators of the quantity and quality of performance of agency functions.
- (e) Participation of agency personnel and board members in state employee benefit programs, including insurance and retirement programs.

Effective July 1, 2010.

(Amends R.S. 36:4(B)(1)(dd), 801.1(A) and 802.3 and R.S. 40:1299.44(A)(1) and (5)(d), (e), and (f) and (D)(1)(a))

Summary of Amendments Adopted by House

Committee Amendments Proposed by House Committee on Civil Law and Procedure to the original bill.

1. Deleted provisions placing the Patient's Compensation Oversight Board within the office of the governor, and added provisions placing the board in the division of administration.
2. Deleted provisions authorizing the commissioner of insurance to determine the surcharge of the board.